


Government of the District of Columbia  
Office of the Chief Financial Officer



Jeffrey S. DeWitt  
Chief Financial Officer

**MEMORANDUM**

**TO:** The Honorable Phil Mendelson  
Chairman, Council of the District of Columbia

**FROM:** Jeffrey S. DeWitt  
Chief Financial Officer 

**DATE:** October 26, 2016

**SUBJECT:** Fiscal Impact Statement – “Food, Environmental, and Economic Development in the District of Columbia Amendment Act of 2016”

**REFERENCE:** Bill 21-836, Committee Print provided to the Office of Revenue Analysis on October 24, 2016

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**Conclusion**

Funds are not sufficient in the fiscal year 2017 through fiscal year 2020 budget and financial plan to implement the bill. The bill will reduce real property, personal property and sales tax revenues by a total of \$4,187 in fiscal year 2017 and \$1,595,544 in fiscal year 2017 through fiscal year 2020.

**Background**

Currently, supermarkets may qualify for tax incentives provided they are located in an eligible area.<sup>1</sup> The incentives include real property tax exemptions, personal property tax exemptions, and sales tax exemptions on materials used in the construction of a supermarket. Eligible areas are currently defined as historically underutilized business zones and five specific census tracts.

The bill adds two additional census tracts, census tracts 16 and 94, to the list of eligible areas. A supermarket already exists in 94, and a supermarket is planned for census tract 16<sup>2</sup>. The bill allows for the grocery store in census tract 94 to be eligible for the real property tax exemptions only as of October 1, 2016 and the 10-year real property exemption period for it is deemed to already have begun as of January 1, 2015.

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<sup>1</sup> D.C. Official Code 47-825.01a(e)(7)(A).

<sup>2</sup> <http://dc.gov/sites/default/files/dc/sites/op/publication/attachments/Ward%204.pdf>

The Honorable Phil Mendelson

FIS: "Food, Environmental, and Economic Development in the District of Columbia Amendment Act of 2016,"  
Bill 21-836, Committee Print provided to the Office of Revenue Analysis on October 24, 2016.

### **Financial Plan Impact**

Funds are not sufficient in the fiscal year 2017 through fiscal year 2020 budget and financial plan to implement the bill. Because the bill makes eligible an existing supermarket and a planned supermarket, the bill will reduce real property, personal property and sales tax revenues by a total of \$4,187 in fiscal year 2017 and \$1,595,544 in fiscal year 2017 through fiscal year 2020. The reduction by revenue sources is listed in the chart below.

<b>Fiscal Impact of Bill 21-836 Food, Environmental, and Economic Development in the District of Columbia Amendment Act of 2016 FY 2017 through FY 2020</b>					
	<b>FY 2017</b>	<b>FY 2018</b>	<b>FY 2019</b>	<b>FY 2020</b>	<b>TOTAL</b>
<b>Reduced Real Property Tax Revenue</b>	\$4,187	\$379,271	\$386,856	\$394,593	<b>\$1,164,907</b>
<b>Reduced Personal Property Revenue</b>	\$0	\$36,666	\$34,048	\$29,183	<b>\$99,897</b>
<b>Reduced Sales tax Revenue</b>	\$0	\$330,740	\$0	\$0	<b>\$330,740</b>
<b>TOTAL</b>	<b>\$4,187</b>	<b>\$746,677</b>	<b>\$420,904</b>	<b>\$423,776</b>	<b>\$1,595,544</b>